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# ANNUAL REPORT

## YEAR ENDED DECEMBER 31, 1944

# MANGEL STORES CORPORATION

AND SUBSIDIARIES

During 1938, Mangel Stores Corporation launched upon a broad program of improving and modernizing profitable stores and closing unprofitable units. After five years of continuous effort the effects of this basic policy find reflection in the following tables:

| Year Ending December 31 | Number of Stores | Net Sales | Net Working Capital |
|---|---|---|---|
| 1940 | 98 | $ 9,287,978.37 | $ 951,141 |
| 1941 | 97 | 11,454,613.03 | 1,128,834 |
| 1942 | 97 | 15,566,237.08 | 1,316,707 |
| 1943 | 97 | 20,684,145.94 | 1,706,992 |
| 1944 | 95 | 22,425,419.04 | 2,283,623 |

The steady increase in average net sales per store has increased the turnover of goods sold without corresponding increases in sales expenses and overhead. Thus the Corporation has been able to strengthen its financial and competitive position year by year and meet its full share of rapidly increasing wartime taxes.

| Year Ending December 31 | Provision for Federal Taxes | Tranferred to Surplus | Earnings Per Common Share |
|---|---|---|---|
| 1940 | $ 38,650 | $135,683 | $ .29 |
| 1941 | 231,665 | 342,940 | 1.47 |
| 1942 | 911,335 | 546,830 | 2.64 |
| 1943 | 1,681,469 | 799,748 | 4.14 |
| 1944 | 2,133,812 | 933,026 | 4.89 |

February 23, 1945

*To the Stockholders of*

MANGEL STORES CORPORATION

The Profit and Loss Statement of your Corporation for the year ended December 31, 1944, and the Consolidated Balance Sheet as of the close of the year are presented herewith.

The Company had 95 stores in operation at the end of 1944. Leases for two stores expired and were not renewed as the units were too small in area.

Postwar plans contemplate enlargement of a number of units. Lease arrangements for such enlargement already have been consummated. These developments will afford greater scope for expansion of our present merchandising plans.

Volume of business of the Corporation increased 8.4 per cent last year over the preceding year. No physical improvements were made during the year owing to restrictions by the War Production Board.

Four regular dividends of $1.25 each were paid on the preferred stock in 1944, and, in addition, payments of $6.00 were made on account of arrears. The balance of arrears amounting to $4.00 per share will be paid during the first half of 1945.

The Corporation made new records in 1944. Sales volume—$22,425,419—was the highest in the history of the Company. Net profits of $933,026, after taxes, were the largest on record. Working capital increased from $1,706,992 on December 31, 1943 to $2,283,623 on December 31, 1944. The Company is in the best financial condition in its history.

Sales in January, 1945, increased 20 per cent over January, 1944.

Should the European war end suddenly, your Directors will watch sales trends carefully and analyze the effects on inventories in order to keep the Corporation in a strong working capital position.

Respectfully submitted,

SOL MANGEL,

*President.*

# MANGEL STORE

## AND SUBS

## CONSOLIDATED BALANCE SHE

### ASSETS

| | | | |
|---|---|---|---|
| **CURRENT ASSETS:** | | | |
| Cash in banks and on hand | | | $1,304,664.39 |
| United States Bonds and Treasury Certificates—at cost plus accrued interest | | | 874,557.30 |
| Accounts receivable—less reserve (including employees' accounts) | | | 559,818.44 |
| Merchandise inventory—at the lower of cost or market, based upon the retail method of inventory valuation | | | 1,671,650.85 |
| TOTAL CURRENT ASSETS | | | 4,410,690.98 |
| **OTHER ASSETS:** | | | |
| Loans to officers and employees—less reserve | | $5,626.79 | |
| Cash balances, certificates of participation, etc. — suspended banks — less reserve | | 1.00 | |
| Sundry deposits | | 2,144.90 | |
| Post-war refund of excess profits tax | | 461,961.08 | 469,733.77 |
| **FIXED ASSETS:** | | | |
| Real estate—at value as appraised for the management in June 1932 with subsequent additions at cost, subject to mortgages shown contra | $ 239,081.55 | | |
| Less: Reserve for depreciation | 14,766.67 | 224,314.88 | |
| Furniture and fixtures, leasehold improvements and truck —at values appraised for the management in June 1932 with subsequent additions at cost | 1,649,321.69 | | |
| Less: Reserve for depreciation on additions subsequent to June 1932 | 913,114.11 | 736,207.58 | 960,522.46 |
| **DEFERRED CHARGES:** | | | |
| Unexpired insurance | | 37,912.24 | |
| Prepaid taxes, expenses, etc. | | 38,411.42 | |
| Stationery and supplies | | 28,335.57 | 104,659.23 |
| GOODWILL | | | 1.00 |
| | | | $5,945,607.44 |

The Notes to Accounts, appended hereto, are an integral part

NOTE A—The company has been advised by its counsel that, in his opinion, there are no restrictions upon the surplus of the company by reason of the difference of $1,054,808.00 between the liquidation value of its convertible Preferred Stock outstanding and the stated value thereof. The Board of Directors, by a resolution dated November 17, 1944 expressed their intention at that time not to impair the capital surplus of the company and its subsidiaries as at December 31, 1943 by the payment of dividends (at December 31, 1943, the consolidated capital surplus amounted to $548,573.00 and was reduced during the year by $12,660.00 representing the excess of the cost over the stated value of convertible Preferred Stock purchased for the treasury). It is contemplated that the Board of Directors, whenever, in its opinion, the earnings and the then financial condition shall warrant the same, will declare dividends from earnings or earned surplus account without regard to the fact that the excess of aggregate liquidation value of convertible Preferred Stock over its aggregate stated value may be greater than the sum of the par value of the Common Stock and surplus.

# S CORPORATION

EXHIBIT A

IDIARIES

T AS AT DECEMBER 31, 1944

## LIABILITIES

| | | | |
|---|---|---|---|
| CURRENT LIABILITIES: | | | |
| Accounts payable—merchandise, less discounts | | | $ 362,097.89 |
| Accounts payable—expenses, taxes, etc. | | | 595,461.40 |
| Customers' credits | | | 74,777.51 |
| Mortgage and mortgage installments payable within one year | | | 26,038.36 |
| Reserve for Federal taxes on income | | $2,360,900.00 | |
| Less: Federal tax anticipation notes—at cost, plus accrued interest | | 1,292,207.20 | 1,068,692.80 |
| TOTAL CURRENT LIABILITIES | | | 2,127,067.96 |
| MORTGAGE PAYABLE IN INSTALLMENTS through September 1, 1964 | | 119,015.13 | |
| *Less*: Current installments included above | | 4,038.36 | 114,976.77 |
| CAPITAL STOCK AND SURPLUS: | | | |
| Convertible Preferred Stock—$5.00 Cumulative, No Par Value—Stated Value—$25.00 Per Share—entitled to $100.00 per share and accrued dividends in the event of liquidation—Notes A and C: | | | |
| Authorized and issued | 17,500 shares | $ 437,500.00 | |
| Less: In treasury | 4,148 shares | 103,700.00 | |
| Outstanding | 13,352 shares | 333,800.00 | |
| Common Stock—Par Value $1.00 Per Share—Note B: | | | |
| Authorized | 300,000 shares | | |
| Issued | 177,500 shares | 177,500.00 | |
| Less: In treasury | 745 shares | 745.00 | |
| Outstanding | 176,755 shares | 176,755.00 | |
| | | 510,555.00 | |
| Surplus—Exhibit B—Notes A and D: | | | |
| Capital surplus | | 535,913.00 | |
| Earned surplus—since January 1, 1936 | | 2,657,094.71 | 3,193,007.71 | 3,703,562.71 |
| | | | $5,945,607.44 |

of this statement and should be read in conjunction herewith.

NOTE B—105,000 shares of Common Stock, par value $1.00 per share, are reserved in connection with the conversion privilege granted to holders of the convertible Preferred Stock.

NOTE C—As at December 31, 1944, cumulative dividends on the outstanding convertible Preferred Stock, amounting to $4.00 per share or an aggregate of $53,408.00 had not been declared or paid.

NOTE D—The consolidated earned surplus includes undistributed earnings of subsidiaries which may be subject to Federal taxes on income if and when received by the parent company in the form of dividends.

GENERAL—The accompanying statements are subject to final determination of the liability of the Federal, state and local taxes.

EXHIBIT B

# MANGEL STORES CORPORATION

## AND SUBSIDIARIES

### CONSOLIDATED SURPLUS

### FOR THE YEAR ENDED DECEMBER 31, 1944

| | | |
|---|---|---|
| CAPITAL SURPLUS—Notes A and D: | | |
| Balance at January 1, 1944 | $ 548,573.00 | |
| *Less*: Excess of cost over stated value of treasury stock acquired during the year | 12,660.00 | |
| CAPITAL SURPLUS at December 31, 1944 | | $ 535,913.00 |
| EARNED SURPLUS (since January 1, 1936)—Notes A and D: | | |
| Balance at January 1, 1944 | 1,872,480.62 | |
| *Add*: Consolidated net profit for the year ended December 31, 1944—Exhibit C | 933,026.09 | |
| | 2,805,506.71 | |
| *Less*: Dividends paid on preferred stock at the rate of $11.00 per share | 148,412.00 | |
| EARNED SURPLUS (since January 1, 1936) at December 31, 1944 | | 2,657,094.71 |
| | | $3,193.007.71 |

The Notes to Accounts, appended hereto, are an integral part of this statement and should be read in conjunction herewith.

EXHIBIT C

### CONSOLIDATED STATEMENT OF INCOME AND PROFIT AND LOSS

### FOR THE YEAR ENDED DECEMBER 31, 1944

| | | | | |
|---|---|---|---|---|
| Net sales | | | | $22,425,419.04 |
| Cost of sales, general, administrative and selling expenses | | | | 19,175,962.07 |
| Net operating profit, before provision for depreciation | | | | 3,249,456.97 |
| Provision for depreciation | | | | 168,405.56 |
| Net profit, before other income and other charges | | | | 3,081,051.41 |
| Other income | | | | 20,234.36 |
| | | | | 3,101,285.77 |
| Other charges | | | | 34,447.41 |
| Consolidated net profit, before provision for Federal taxes on income | | | | 3,066,838.36 |
| Provision for Federal Taxes on Income: | | | | |
| Normal income tax and surtax | | | $ 208,402.36 | |
| Excess profits tax (after deducting debt retirement allowance of $1,193.95) | | $2,138,150.41 | | |
| *Deduct*: Post-war credit | $213,934.45 | | | |
| *Less*: Debt retirement allowance | 1,193.95 | 212,740.50 | 1,925,409.91 | 2,133,812.27 |
| Consolidated net profit transferred to surplus—Exhibit B | | | | $ 933,026.09 |

The Notes to Accounts, appended hereto, are an integral part of this statement and should be read in conjunction herewith.

To the Board of Directors
Mangel Stores Corporation
New York, N. Y.

We have examined the consolidated balance sheet of the Mangel Stores Corporation and its subsidiaries as at December 31, 1944, and the consolidated statements of surplus, and income and profit and loss for the year then ended, have reviewed the system of internal control and the accounting procedures of the companies and, without making a detailed audit of the transactions, have examined or tested accounting records of the companies and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

In our opinion, the accompanying consolidated balance sheet and related consolidated statements of surplus, and income and profit and loss, together with the Notes to Accounts, present fairly the consolidated position of the Mangel Stores Corporation and its subsidiaries at December 31, 1944, and the consolidated results of their operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

New York, N. Y.
February 15, 1945

S. D. Leidesdorf & Co.

# MANGEL STORES

ARE LOCATED IN THE FOLLOWING CITIES

ALTOONA, PA.
AMARILLO, TEXAS
ANNISTON, ALA.
ASHEVILLE, N. C.
ATLANTA, GA.
ATLANTA, GA.
AUBURN, N. Y.
AUGUSTA, GA.
AUSTIN, TEXAS
BATON ROUGE, LA.
BEAUMONT, TEXAS
BIRMINGHAM, ALA.
BLUEFIELD, W. VA.
CHARLESTON, S. C.
CHARLESTON, W. VA.
CHARLOTTE, N. C.
CHATTANOOGA, TENN.
CHICAGO, ILL.
COLUMBIA, S. C.
COLUMBUS, GA.
CORPUS CHRISTI, TEXAS
CLINTON, IOWA
DALLAS, TEXAS
DAVENPORT, IOWA
DULUTH, MINN.
DURHAM, N. C.
FOND DU LAC, WIS.
FORT SMITH, ARK.
FT. WORTH, TEXAS
GREEN BAY, WIS.
GREENSBORO, N. C.
GREENVILLE, S. C.
HOUSTON, TEXAS
HOT SPRINGS, ARK.
HUNTINGTON, W. VA.
JACKSONVILLE, FLA.
JACKSON, TENN.
JACKSON, MISS.
JAMESTOWN, N. Y.
JOHNSTOWN, PA.
JOPLIN, MO.
KANSAS CITY, MO.
KNOXVILLE, TENN.
LAREDO, TEXAS
LINCOLN, NEB.
LEXINGTON, KY.
LITTLE ROCK, ARK.
LYNCHBURG, VA.
MADISON, WIS.
MACON, GA.
MEMPHIS, TENN.
MEMPHIS, TENN.
MERIDIAN, MISS.
MIAMI, FLA.
MIAMI, FLA.
MILWAUKEE, WIS.
MOBILE, ALA.
MONROE, LA.
MONTGOMERY, ALA.
MUSKEGON, MICH.
MUSKOGEE, OKLA.
NEW ORLEANS, LA.
OMAHA, NEB.
ORLANDO, FLA.
OSHKOSH, WIS.
PADUCAH, KY.
PENSACOLA, FLA.
PHILADELPHIA, PA.
PINE BLUFF, ARK.
RACINE, WIS.
RALEIGH, N. C.
ROCKFORD, ILL.
SAVANNAH, GA.
SAN ANTONIO, TEXAS
SAN ANTONIO, TEXAS
SELMA, ALA.
SHEBOYGAN, WIS.
SHREVEPORT, LA.
SHAWNEE, OKLA.
STEUBENVILLE, OHIO
ST. LOUIS, MO.
ST. PETERSBURG, FLA.
SPARTANBURG, S. C.
SPRINGFIELD, MO.
SYRACUSE, N. Y.
TAMPA, FLA.
TEXARKANA, TEXAS
TROY, N. Y.
TUSCALOOSA, ALA.
WACO, TEXAS
WASHINGTON, PA.
WATERTOWN, N. Y.
WHEELING, W. VA.
YOUNGSTOWN, OHIO
ZANESVILLE, OHIO

## MANGEL STORES CORPORATION

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# ANNUAL REPORT

## YEAR ENDED DECEMBER 31, 1946

# MANGEL STORES CORPORATION

AND SUBSIDIARIES

Since 1938, Mangel Stores Corporation has established a program of improving and modernizing profitable stores and closing unprofitable units. The results of this basic policy find reflection in the following tables:

| Year Ending December 31 | Number of Stores | Net Sales | Net Working Capital |
|---|---|---|---|
| 1940 | 98 | $ 9,287,978.37 | $ 951,141 |
| 1941 | 97 | 11,454,613.03 | 1,128,834 |
| 1942 | 97 | 15,566,237.08 | 1,316,707 |
| 1943 | 97 | 20,684,145.94 | 1,706,992 |
| 1944 | 95 | 22,425,419.04 | 2,283,623 |
| 1945 | 94 | 23,446,407.92 | 3,492,815 |
| 1946 | 92 | 21,745,066.08 | 2,910,000 |

| Year Ending December 31 | Provision for Federal Taxes | Transferred to Surplus | Earnings Per Common Share |
|---|---|---|---|
| 1940 | $ 38,650 | $135,683 | $ .29 |
| 1941 | 231,665 | 342,940 | 1.47 |
| 1942 | 911,335 | 546,830 | 2.64 |
| 1943 | 1,681,469 | 799,748 | 4.14 |
| 1944 | 2,133,812 | 933,026 | 4.89 |
| 1945 | 2,072,438 | 917,976 | 3.57* |
| 1946 | 459,604 | 653,857 | 2.55 |

*By reason of the conversion during 1945 of 17,495 shares of convertible preferred stock for 104,970 shares of common, there were outstanding at December 31, 1945, 256,802 shares of common stock as against 176,755 shares of common stock at December 31, 1944. There is no change in the number of shares of common stock outstanding at December 31, 1946.

February 21, 1947

*To the Stockholders of*

MANGEL STORES CORPORATION:

The Profit and Loss Statement of your Corporation for the year ended December 31, 1946, and the Consolidated Balance Sheet as of that date, are presented herewith.

Sales were $21,745,066, and, as shown in the table on the opposite page, represent a decrease from the two previous peak war years.

Net profits of $653,857, after taxes, also showed a decrease. This was due largely to changed conditions in our line of business and many factors, including decreased volume, increased labor costs and substantial inventory reductions during the latter part of the year. The profits also reflect the transition from unusual war time conditions to more normal operations, and the steps taken by the management to prepare your Company for the return of usual peace-time competition. Such steps included lower mark-ups and essential alterations and repairs.

Regular quarterly dividends of 25c per share were paid during 1946, and it is the desire of your management to regularly continue such quarterly dividends.

During the past year large units were opened in Birmingham, Alabama and Atlanta, Georgia. Several units which could not advantageously be continued were closed. Since January 1, 1947, a large unit was opened in Miami Beach, Florida. With the easing of building restrictions and more favorable construction prospects, plans already have been made for the enlargement during this year of units in Austin, Texas; Charleston, S. C.; Memphis, Tenn. and Philadelphia, Pa. In addition, a new unit is scheduled to be opened in Dallas, Texas.

As a result of our long standing policy of conserving and building working capital, your Company is in a very favorable position to meet the changing conditions in our business and any emergencies that may arise.

Your management will continue its efforts to expand and maintain earnings through the enlargement of profitable units, the addition of advantageous new units, and the operation of the business under sound merchandising and fiscal policies.

Respectfully submitted,

SOL MANGEL,
*President.*

# MANGEL STORE

## AND SUBS

## CONSOLIDATED BALANCE SHE

### ASSETS

| | | | |
|---|---|---|---|
| **CURRENT ASSETS:** | | | |
| Cash in banks and on hand | | | $1,145,320.57 |
| United States Bonds and Treasury Certificates — at cost plus accrued interest | | | 20,617.72 |
| Note receivable — installments payable within one year | | | 33,333.36 |
| Accounts receivable — less reserve (including employees' accounts) | | | 799,265.36 |
| Merchandise inventory — at the lower of cost or market, based upon the retail method of inventory valuation | | | 2,487,700.90 |
| TOTAL CURRENT ASSETS | | | 4,486,237.91 |
| **OTHER ASSETS:** | | | |
| Loans to officers and employees — less reserve | | $13,943.38 | |
| Cash balances, certificates of participation, etc. — suspended banks — less reserve | | 1.00 | |
| Sundry deposits and investments | | 3,153.40 | |
| Note receivable in installments through October 1, 1949 — less current installments shown above | | 61,111.08 | |
| Estimated refund of Federal taxes on income due to carry-back claim | | 65,000.00 | 143,208.86 |
| **FIXED ASSETS:** | | | |
| Real estate — at value as appraised for the management in June 1932 with subsequent additions at cost, subject to mortgages shown contra | $ 324,081.55 | | |
| Less: Reserve for depreciation | 21,738.72 | 302,342.83 | |
| Furniture and fixtures, leasehold improvements and truck — at values appraised for the management in June 1932 with subsequent additions at cost | 2,431,148.85 | | |
| Less: Reserve for depreciation on additions subsequent to June 1932 | 1,245,123.83 | 1,186,025.02 | 1,488,367.85 |
| Advances for leasehold improvements — Note B | | | 185,000.00 |
| **DEFERRED CHARGES:** | | | |
| Unexpired insurance | | 37,129.06 | |
| Prepaid taxes, expenses, etc. | | 63,132.61 | |
| Stationery and supplies | | 10,600.00 | 110,861.67 |
| GOODWILL | | | 1.00 |
| | | | $6,413,677.29 |

The Notes to Accounts, appended hereto, are an integral part

NOTE A—The consolidated earned and capital surplus includes undistributed earnings of subsidiaries which may be subject to Federal taxes on income if and when received by the parent company in the form of dividends.

NOTE B—The company contemplates enlarging certain existing units and adding an additional unit at a cost of approximately $800,000.00. At December 31, 1946 advances of $185,000.00 had been made against the costs of improvements in progress at three units.

EXHIBIT A

# S CORPORATION

## IDIARIES

## T AS AT DECEMBER 31, 1946

### LIABILITIES

CURRENT LIABILITIES:

| | | | |
|---|---|---|---|
| Accounts payable—merchandise, less discounts | | | $ 632,061.18 |
| Accounts payable—expenses, taxes, etc. | | | 703,575.97 |
| Customers' credits | | | 114,851.25 |
| Mortgage installments payable within one year | | | 5,524.09 |
| Reserve for Federal taxes on income | | $ 496,089.00 | |
| Less: United States Treasury Notes—at cost, plus accrued interest | | 375,864.00 | 120,225.00 |
| TOTAL CURRENT LIABILITIES | | | 1,576,237.49 |

MORTGAGES PAYABLE IN INSTALLMENTS—LESS CURRENT INSTALLMENTS SHOWN ABOVE:

| | | | |
|---|---|---|---|
| Mortgage payable through September 1, 1964 | | 106,398.31 | |
| Mortgage payable through January 1, 1966 | | 53,016.27 | 159,414.58 |

CAPITAL STOCK AND SURPLUS:

| | | | | |
|---|---|---|---|---|
| Common Stock — Par Value $1.00 Per Share: | | | | |
| Authorized | 300,000 shares | | | |
| Issued | 282,470 shares | $282,470.00 | | |
| Less: Treasury stock | 25,668 shares | 25,668.00 | | |
| Outstanding | 256,802 shares | | 256,802.00 | |
| Surplus — Exhibit B — Note A: | | | | |
| Capital surplus | | 789,506.00 | | |
| Earned surplus—since January 1, 1936 | | 3,631,717.22 | 4,421,223.22 | 4,678,025.22 |
| | | | | $6,413,677.29 |

of this statement and should be read in conjunction herewith.

GENERAL—The accompanying statements are subject to final determination of the liability for Federal, state and local taxes.

EXHIBIT B

# MANGEL STORES CORPORATION
## AND SUBSIDIARIES

### CONSOLIDATED SURPLUS
### FOR THE YEAR ENDED DECEMBER 31, 1946

| | | |
|---|---|---|
| CAPITAL SURPLUS—Note A: | | |
| Balance at January 1, 1946 and December 31, 1946 | | $ 789,506.00 |
| EARNED SURPLUS (Since January 1, 1936)—Note A: | | |
| Balance at January 1, 1946 | $3,343,019.15 | |
| Add: Consolidated net profit for the year ended December 31, 1946—Exhibit C | 653,857.08 | |
| | 3,996,876.23 | |
| *Less*: Dividends paid on common stock at the rate of $1.00 per share | 256,802.00 | |
| | 3,740,074.23 | |
| *Less*: Excess of cost of investment in wholly-owned subsidiary over net aggregate book value of said subsidiary as at February 1, 1946, the date as of which the investment was acquired | 108,357.01 | |
| EARNED SURPLUS (since January 1, 1936) at December 31, 1946 | | 3,631,717.22 |
| | | $4,421.223.22 |

The Notes to Accounts, appended hereto, are an integral part of this statement and should be read in conjunction herewith.

EXHIBIT C

### CONSOLIDATED STATEMENT OF INCOME AND PROFIT AND LOSS
### FOR THE YEAR ENDED DECEMBER 31, 1946

| | |
|---|---|
| Net sales, including leased department sales | $21,745,066.08 |
| *Less*: Leased department sales | 306,324.34 |
| Net sales | 21,438,741.74 |
| Cost of sales, general, administrative and selling expenses, less leased department income | 20,112,945.80 |
| Net operating profit, before provision for depreciation | 1,325,795.94 |
| Provision for depreciation | 184,295.96 |
| Net profit, before other income and other charges | 1,141,499.98 |
| Other income | 32,099.80 |
| | 1,173,599.78 |
| Other charges | 71,364.18 |
| Consolidated net profit, before provision for Federal taxes on income | 1,102,235.60 |
| Provision for Federal normal tax and surtax | 459,604.35 |
| Consolidated net profit, before special credit | 642,631.25 |
| SPECIAL CREDIT: | |
| Estimated refunds under carry-back provisions of the Internal Revenue Code, less additional Federal income and excess profits taxes applicable to prior years | 11,225.83 |
| Consolidated net profit transferred to surplus — Exhibit B | $ 653,857.08 |

The Notes to Accounts, appended hereto, are an integral part of this statement and should be read in conjunction herewith.

To the Board of Directors

Mangel Stores Corporation

New York, N. Y.

We have examined the consolidated balance sheet of the Mangel Stores Corporation and its subsidiaries, as at December 31, 1946, and the consolidated statements of surplus, and income and profit and loss for the year then ended, have reviewed the system of internal control and the accounting procedures of the companies and, without making a detailed audit of the transactions, have examined or tested accounting records of the companies and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

In our opinion, the accompanying consolidated balance sheet and related consolidated statements of surplus, and income and profit and loss, together with the Notes to Accounts, present fairly the consolidated position of the Mangel Stores Corporation and its subsidiaries at December 31, 1946 and the consolidated results of their operations for the year, in conformity with generally accepted accounting principles, applied on a basis consistent with that of the preceding year.

New York, N. Y.
February 15, 1947

S. D. Leidesdorf & Co.

# MANGEL STORES

ARE LOCATED IN THE FOLLOWING CITIES

ALTOONA, PA.
AMARILLO, TEXAS
ANNISTON, ALA.
ASHEVILLE, N. C.
ATLANTA, GA.
AUBURN, N. Y.
AUGUSTA, GA.
AUSTIN, TEXAS
BATON ROUGE, LA.
BEAUMONT, TEXAS
BIRMINGHAM, ALA.
BLUEFIELD, W. VA.
CHARLESTON, S. C.
CHARLESTON, W. VA.
CHARLOTTE, N. C.
CHATTANOOGA, TENN.
CHICAGO, ILL.
COLUMBIA, S. C.
COLUMBUS, GA.
CORPUS CHRISTI, TEXAS
CLINTON, IOWA
DALLAS, TEXAS
DAVENPORT, IOWA
DULUTH, MINN.
DURHAM, N. C.
FOND DU LAC, WIS.
FORT SMITH, ARK.
GREEN BAY, WIS.
GREENSBORO, N. C.
GREENVILLE, S. C.
HOUSTON, TEXAS
HOT SPRINGS, ARK.
HUNTINGTON, W. VA.
JACKSONVILLE, FLA.
JACKSON, TENN.
JACKSON, MISS.
JAMESTOWN, N. Y.
JOHNSTOWN, PA.
JOPLIN, MO.
KANSAS CITY, MO.
KNOXVILLE, TENN.
LAREDO, TEXAS
LINCOLN, NEB.
LEXINGTON, KY.
LITTLE ROCK, ARK.
LYNCHBURG, VA.
MADISON, WIS.
MACON, GA.
MEMPHIS, TENN.
MERIDIAN, MISS.
MIAMI, FLA.
MIAMI BEACH, FLA.
MOBILE, ALA.
MONROE, LA.
MONTGOMERY, ALA.
MUSKOGEE, OKLA.
NEW ORLEANS, LA.
OMAHA, NEB.
ORLANDO, FLA.
OSHKOSH, WIS.
PADUCAH, KY.
PENSACOLA, FLA.
PHILADELPHIA, PA.
PINE BLUFF, ARK.
RALEIGH, N. C.
ROCKFORD, ILL.
SAVANNAH, GA.
SAN ANTONIO, TEXAS
SELMA, ALA.
SHEBOYGAN, WIS.
SHREVEPORT, LA.
SHAWNEE, OKLA.
STEUBENVILLE, OHIO
ST. LOUIS, MO.
ST. PETERSBURG, FLA.
ST. PAUL, MINN.
SPARTANBURG, S. C.
SPRINGFIELD, MO.
SYRACUSE, N. Y.
TAMPA, FLA.
TEXARKANA, TEXAS
TROY, N. Y.
TUSCALOOSA, ALA.
WACO, TEXAS
WASHINGTON, PA.
WATERTOWN, N. Y.
WHEELING, W. VA.
ZANESVILLE, OHIO

## MANGEL STORES CORPORATION

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